



## **Daktronics, Inc. announces record results for fiscal 2004**

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Brookings, S.D. - May 26, 2004 - Daktronics, Inc. (Nasdaq - DAKT), today reported fiscal 2004 fourth quarter net sales of \$57.9 million and net income of \$4.1 million or \$.21 per diluted share, compared with fourth quarter sales of \$47.4 million and net income of \$3.4 million, or \$.17 per diluted share, one year ago. Both net sales and net income were records for the Company's fourth quarter. Sales and orders climbed in all three markets served.

Net sales, net income and earnings per share for fiscal 2004 were \$209.9 million, \$17.7 million and \$.89 per diluted share, respectively, compared with \$177.8 million, \$12.5 million, and \$.64 per diluted share, respectively, for the previous fiscal year. Net sales, net income and earnings per share for the year were the highest in the Company's history.

Backlog at the end of the quarter was approximately \$54 million, compared with a backlog of approximately \$50 million at the end of the last fiscal year. The timing of large orders can cause significant fluctuations in the Company's backlog.

"Not only did we close out the year with strong sales and net income, we also booked a record level of orders, which included strong performances in all three of our markets," said Jim Morgan, president and CEO of Daktronics. "We completed a number of premier installations, including display systems for major league baseball facilities in Cleveland, Anaheim, San Diego, and Philadelphia, as well as displays for the Sands Macao Casino near Hong Kong, Churchill Downs, and the Virginia Department of Transportation. We started work on projects for Times Square, the FedExForum in Memphis, and the University of Wisconsin," Morgan said. "As compared to the previous two quarters our standard order volume was down as a percent of sales resulting from a decline in the national account business, which we expect to be stronger next quarter and fiscal year over the current year which was at record levels. This along with the expected decline in margins and other factors contributed to the fourth quarter gross margin of 31.8 percent," Morgan said.

"The most dramatic sales and order growth has been in our commercial market. Not only are we seeing higher standard product business over fiscal year 2003, we are also seeing significant growth in video products installations for commercial accounts across many applications such as horse racing, gaming, retail and destination sites. Sales and orders in our transportation market also showed a very nice rebound in the quarter. Orders in all three markets were up for the quarter over last year by double-digit percentage increases," Morgan said.

"On the product development side, we introduced a number of key products during the quarter, including our V-Net™ solution for the digital advertising marketplace, our three millimeter ProStar® video display and our Galaxy® 3200 series, all of which are expected to have an important impact on our total solution to our end markets," said Morgan.

"Gross margin was slightly below expectations for the quarter as a result of the standard order mix, lower than expected margins on a couple of larger installations and industry pricing reacting to the lower cost of raw materials," said Bill Retterath, CFO. "On the operating expense growth for the quarter, there were a number of factors contributing, including investments we are making on international sales development, higher personnel costs, compliance costs associated with Sarbanes-Oxley, the concentration of trade shows during the quarter and the costs associated with the new product introductions," Retterath said.

"Finally, on the cash flow front, we performed well during the quarter, generating slightly less than \$9 million in cash from operations through earnings and improvements in our balance sheet. Free cash flow defined as cash flow from operations less capital expenditures was also strong with the investments in demonstration equipment causing the rise in capital spending," Retterath said.

"Our backlog going into the first quarter of fiscal year 2005, combined with a significant number of orders that were either booked in the first quarter or are expected to book very shortly, plus anticipated growth in our standard order business, brings our estimate of revenues for our next quarter in the range of \$57 million to \$62 million. We expect earnings per share for the quarter to be in the range of \$.19 - \$.26 per share. For the fiscal year 2005, we are estimating sales in the range of \$235 to \$250 million," Morgan said.

Noteworthy projects booked in the fourth quarter include display systems for Stanford University, Stanford, Calif.; Antelope Valley Fair, Lancaster, Calif.; Gonzaga University, Spokane, Wash.; U.S. Smokeless Tobacco Company, Lewisville, Texas; University of Wisconsin, Madison, Wisc.; Dayton Dragons, Dayton, Ohio; Hamilton Tiger Cats, Hamilton, Ontario; MTS Centre, Winnipeg, Manitoba; Angel Stadium of Anaheim, Anaheim, Calif.; Arizona Cardinals Stadium, Glendale, Ariz.; FedExForum, Memphis, Tenn.; Owasso High School, Owasso, Okla.; Nextel, Las Vegas, Nev.; Texas Station, North Las Vegas, Nev.; Lamar Advertising Company, Birmingham, Ala.; North Carolina D.O.T.; Illinois State Tollway; Port Authority of New York & New Jersey; and New York State D.O.T.

The Company will webcast its quarterly conference call at 10:00 am (central) on Wednesday, May 26. To listen to the webcast, go to the home page of [www.daktronics.com](http://www.daktronics.com), and click on the icon at the bottom right corner of the screen. Completion of a short registration form, along with Windows® Media Player software, are required to hear the webcast. A replay of the teleconference via the internet will also be accessible shortly after the conclusion of the conference call through [www.daktronics.com](http://www.daktronics.com). A replay of the teleconference accessible by telephone will be available for one week starting at noon Central Time on May 26. To access the replay, call toll-free in the U.S. and Canada 800-633-8284 and enter code 21195040. International callers can dial 402-977-9140 and enter code 21195040 to hear the replay by phone.

Daktronics has strong leadership positions in, and is one of the world's largest suppliers of, electronic scoreboards, computer-programmable displays, and large screen video display and control systems. The Company excels in the control of large display systems, including those that require integration of complex multiple displays showing real time information, graphics, animation and video. Daktronics designs, manufactures, markets and services display systems for customers around the world in sport, business and transportation applications, and celebrated its 35th year in business in

2003. For more information, visit the Company's worldwide web site at <http://www.daktronics.com>, email the Company at [sales@daktronics.com](mailto:sales@daktronics.com), call toll-free 1-800-DAKTRONICS (800-325-8766) in the U.S., or write to the Company at 331 32nd Avenue, P.O. Box 5128, Brookings, SD 57006-5128.

Cautionary Notice: In addition to statements of historical fact, this news release contains forward-looking statements reflecting the Company's expectations or beliefs concerning future events which could materially affect company performance in the future. The Company cautions that these and similar statements involve risk and uncertainties including changes in economic and market conditions, management of growth, timing and magnitude of future contracts, and other risks noted in the company's SEC filings which may cause actual results to differ materially. Forward-looking statements are made in the context of information available as of the date stated. The Company undertakes no obligation to update or revise such statements to reflect new circumstances or unanticipated events as they occur.

[Complete press release with financial tables](#)

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